

NO: R057

COUNCIL DATE: March 28, 2022

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **March 21, 2022**

FROM: **General Manager, Engineering  
Acting General Manager, Planning &  
Development**

FILE: **0930-30/493**

SUBJECT: **Proposed Partnering and Lease Agreement for the Lease of City Land located  
East of 131 Street and North of 112 Avenue to Pacific Community Resources  
Society**

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## RECOMMENDATION

The Engineering Department and the Planning & Development Department recommend that Council:

1. Receive this report for information;
2. Authorize the Mayor and City Clerk to execute a Partnering Agreement between the City and Pacific Community Resources Society, subject to compliance with the public notice provisions of the *Community Charter* and satisfaction of the conditions precedent, as approved by the City Solicitor, all as generally described in this report; and
3. Authorize the Mayor and City Clerk to execute a Lease Agreement of a 1,552 m<sup>2</sup> portion of City property located east of 131 Street and north of 112 Avenue, as shown in Appendix "I", to Pacific Community Resources Society for a term of 20 years, subject to execution of the Partnering Agreement, compliance with the public notice provisions of the *Community Charter*, all as generally described in this report.

## INTENT

The purpose of this report is to obtain Council's approval to enter into a Partnering Agreement and Lease Agreement with Pacific Community Resources Society ("PCRS"), to allow for the construction and operation of a modular supportive housing project for youth (the "Youth Housing Project") on a portion of the City properties located at/adjacent to 13102 – 112A Avenue (the "Property") to rapidly house vulnerable young people in the City of Surrey.

## **BACKGROUND**

### **Property Description**

The Property includes the City-owned lands at 13102 – 112A Avenue, a portion of 13105 – 112 Avenue and several small properties or portions thereof that are not addressed. The 1,555 m<sup>2</sup> Property is zoned RF (Single Family Residential zone) and is located just north of the City Centre Town Centre Plan across from Poplar Park and directly south of King George Boulevard and the Skytrain guideway. The neighbourhood comprises an established urban residential area primarily developed with detached single-family housing ranging in age from 40 to 60 years regulated in use by RF zoning. Some newer infill redevelopment has occurred in the area sporadically over the last 10 years.

### **DISCUSSION**

In November 2020, Canada Mortgage and Housing Corporation (“CMHC”), through its Rapid Housing Initiative (“RHI”) awarded City of Surrey \$16.2 million to develop a 44-unit modular supportive housing project in Newton for women experiencing homelessness. This project is slated for completion in May 2022. On October 29, 2021, CMHC awarded the City a second RHI grant for \$13.8 million to develop a 30-unit modular supportive housing project for youth on the Property. These RHI projects respond to two of the four priority population groups (youth and women) identified as being in need of supportive housing in the Master Plan for Housing the Homeless in Surrey.

Research shows that vulnerable youth, especially those who have been raised in government care, are at risk of becoming homeless as they age out of the care system and transition into adulthood. For example, the 2020 Metro Vancouver Homeless Count reported that 32% of homeless people in the region had previously been or were at the time of the homeless count in government care. The PCRS Youth Housing Project will prevent this pathway into homelessness by providing safe, supportive housing for youth who are homeless or at-risk of homelessness.

Currently, Surrey has a limited stock of supportive youth housing. PCRS has two houses, located in Guildford and Fleetwood, that provide a total of ten beds for youth aged 16 to 19 years. The SOS Children’s Village in Newton has 3 “transition to adulthood” suites for youth aged 16 to 24 years. The Youth Housing Project will add to this stock by providing 30 new housing units in a purpose-built modular building designed to support vulnerable youth in Surrey.

### **Youth Housing Project**

The Youth Housing Project will provide 30 units of safe, supportive, and affordable housing for young people aged 17 to 24 years in Surrey, many of whom will be transitioning from government care. The goal is to ensure vulnerable and marginalized young people are given opportunities to succeed.

The building will be designed to support the young residents. It will include 30 self-contained studio apartments, as well as: a commercial kitchen and dining room; communal laundry room; tenant support/counselling room; staff office, recreation space and resident lounges.

While all the units will be allocated to vulnerable and homeless youth, PCRS has identified that approximately 25% of the units will be allocated to the following youth populations: Indigenous youth, LGBTQ2S+ youth, young women experiencing violence, and newcomer/refugee youth.

Specialized workers will be assigned to each resident and individual goal plans will be created with each young person. This could include developing life skills, accessing employment or education opportunities, and/or connecting to counselling or substance use programming. The Youth Housing Project will also provide many opportunities for residents to come together for meals, recreational programming, house meetings, planning for holidays, volunteer work and ensuring the homes and property are maintained.

### **About Pacific Community Resources Society**

PCRS has a 35-year history of providing a breadth of quality, accredited social services across British Columbia including: education, employment, housing, substance use, mental health, and youth and family support services. PCRS has extensive experience in providing housing services that support vulnerable people who are homeless or at-risk of homelessness to maintain stable, long-term housing.

In Surrey, PCRS operates the two Ministry of Children and Family Development-funded youth hubs (City Centre Youth Hub and Newton Youth Hub). The hubs provide one-stop access for youth and families to access resource rooms for support, food, laundry, and showers, as well as programming for social, health, education, housing, substance use support, employment, and life skills services. PCRS is also the lead agency for the new North Surrey Foundry, which is a province-wide network of integrated health and social service centres for young people ages 12 to 24. Residents of the Youth Housing Project will be able to access additional support and participate in programming geared towards specific needs, including cultural programming, at the Youth Hub and the North Surrey Foundry.

### **The Partnering Agreement**

The Partnering Agreement authorizes the City to provide "assistance" to PCRS for this project. The proposed Partnering Agreement with PCRS identifies the contribution by the City of the Property for use by PCRS throughout the term of a Lease Agreement.

If the Partnering Agreement is approved by Council, public notice of the City's intention to provide assistance under the Partnering Agreement and of a proposed property disposition by way of lease must be provided in accordance with sections 24 and 26 of the *Community Charter*.

### **The Lease Agreement**

Under the terms of the CMHC RHI program the minimum lease term for RHI project is 20 years. For the Youth Housing Project with PCRS, staff are proposing a 20-year lease term that can be extended at a later date, at the City's discretion. The proposed 20-year lease of the Property to PCRS will be a net lease to the City whereby PCRS will be responsible for all costs associated with the Property for the 20-year term of the agreement. The estimated value being contributed by the City for this Lease Agreement was determined by an accredited staff appraiser. The value for the prepaid leasehold interest was developed using a ground rent yield and discounted cashflow analysis. The market value of the Property was calculated at \$2,230,300.

A ground rent yield of 2.75% was applied to generate an annual rent of \$61,333 which was then discounted at 2.5% to achieve a 20-year prepaid lease amount of \$1,144,154, which is the estimated value being contributed by the City to this project.

### **Next Steps**

If the Partnering and Lease Agreements are approved by Council, PCRS will immediately submit their rezoning application. An initial public notification required as part of the rezoning process was sent out to the neighbours of the Property. To date, there has only been one inquiry requesting more information on the project. The response to this notice will determine whether further consultation with the neighbourhood by way of an information session will be undertaken. As a substantial amount of preliminary design work has already been completed, it is anticipated that construction would begin in the summer 2022 with the modular type construction being completed by December 2022, in keeping with CHMC's RHI requirements.

### **Legal Service Review**

This report and the proposed Partnering and Lease Agreements have been reviewed by Legal Services and they have no concerns.

### **SUSTAINABILITY CONSIDERATIONS**

The Partnering and Lease Agreements for the Property to PCRS will support the objectives of the City's Sustainability Charter 2.0. In particular, the Partnering and Lease Agreements relate to the Sustainability Charter 2.0 theme of Inclusion. Specifically, this project supports the following Desired Outcomes ("DOs") and Strategic Directions ("SDs"):

- Poverty Reduction DO9: Supports and services are in place to prevent and help people transition out of poverty;
- Housing DO13: Appropriate and affordable housing is available to meet the needs of all households in Surrey;
- Housing DO14: Supports are available to enable all people to live as independently as possible in the community;
- Age-Friendly-Community DO15: Surrey's youngest and oldest residents are valued community members;
- Social Infrastructure and Innovation DO24: Surrey has a strong social infrastructure that supports the needs of its diverse and growing population;
- Housing SD9: Facilitate the development of shelter facilities and supportive housing as outlined in the Master Plan for Housing the Homeless in Surrey; and
- Housing SD 11: Ensure development of a variety of housing types to support people at all stages of life.

## CONCLUSION

Approval of the Partnering and Lease Agreements with PCRS will allow for the development of a Youth Housing Project that will provide 30 units of safe, supportive, and affordable housing for young people aged 17 to 24 years in Surrey. This RHI project responds to one of the four priority population groups (youth) identified as being in need of supportive housing in the Master Plan for Housing the Homeless in Surrey.

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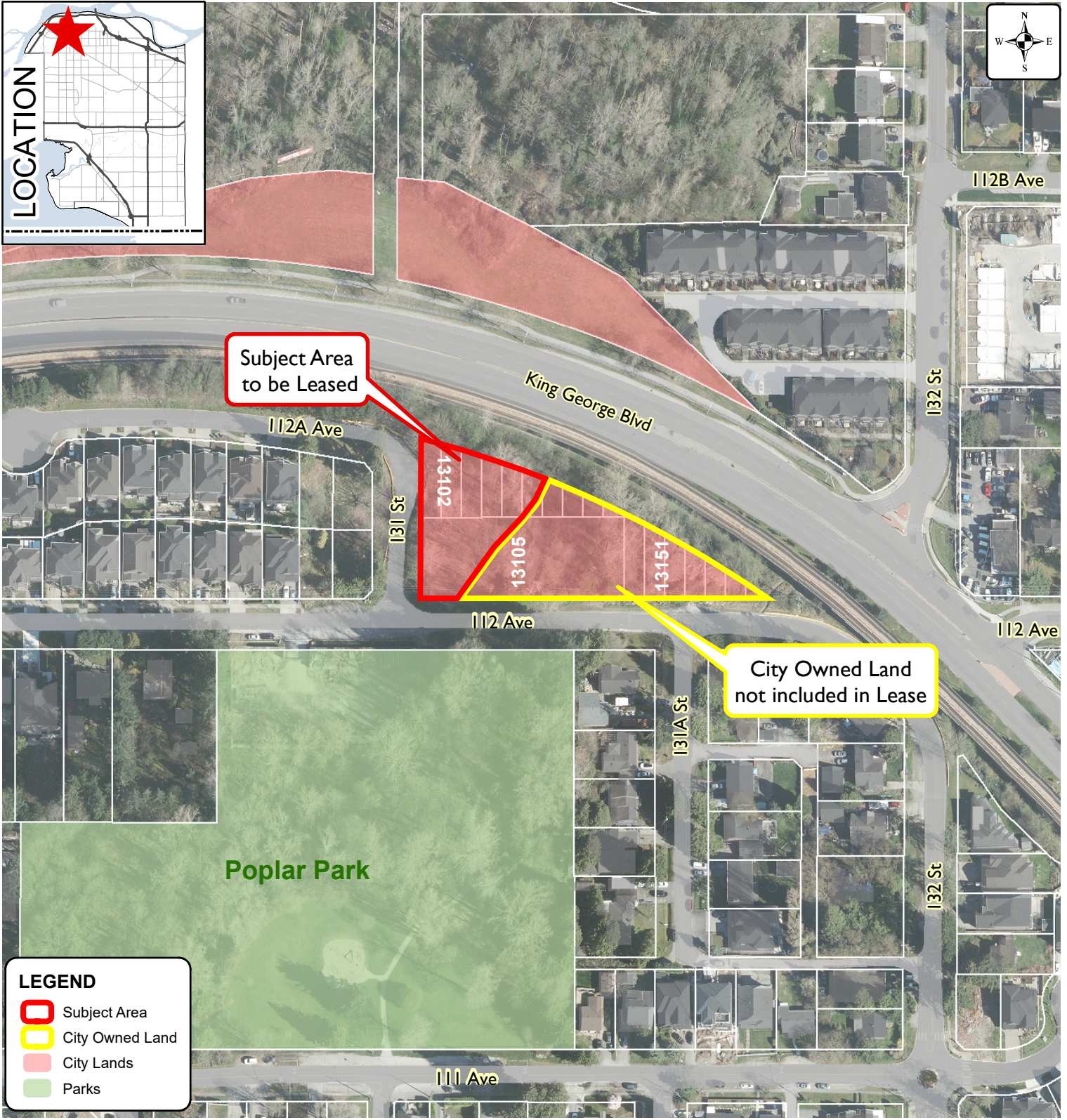
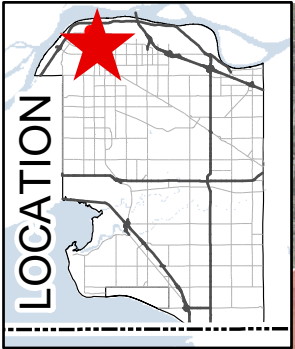
KSW/ap

### Appendix "I" – Aerial Photo of Property

[https://surreybc.sharepoint.com/sites/eng.administration/wp\\_docs/2022/admin/cr/final/march 28/proposed partnering and lease agreements for city land located east of 131 street and north of 112 avenue.docx](https://surreybc.sharepoint.com/sites/eng.administration/wp_docs/2022/admin/cr/final/march%2028/proposed%20partnering%20and%20lease%20agreements%20for%20city%20land%20located%20east%20of%20131%20street%20and%20north%20of%20112%20avenue.docx)  
JHS 3/24/22 12:10 PM



# AERIAL PHOTOGRAPH OF SITE



Subject Area to be Leased


City Owned Land not included in Lease

### LEGEND

-  Subject Area
-  City Owned Land
-  City Lands
-  Parks

Produced by GIS Section: 15-Mar-2022, JJR

Date of Aerial Photograph: April 2021

Scale: 1:2,000 



**Subject Area**  
**East of 131 Street and**  
**North of 112 Avenue**

**ENGINEERING**  
**DEPARTMENT**

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey.  
 This information is provided for information and convenience purposes only.  
 Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.